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Educational Work

in the

PLANNING AND MANAGEMENT

OF THE

FARM BUSINESS



- A Report of State Extension Activities -

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EDUCATIONAL WORK IN THE PLANNING AND  
MANAGEMENT OF THE FARM BUSINESS

The program of assistance to farmers in the planning and management of a farm business includes the educational work designed to:

1. Increase farm income over a period of years through the fuller and better use of resources (farm organization).
2. Improve the efficiency of farm operations and lower the costs of production (operating efficiency).
3. Facilitate the handling of business transactions related to the management of a farm (business transactions).

The objective in farm management work is to improve the managerial ability of farmers by helping them do a better job of planning and decision making.

This report consists of a number of short statements on the more important activities of State farm management specialists, as they pertain to the improvement of farm organization, operating efficiency and business transactions. Examples from the 1952 State annual reports are included to illustrate the content of programs and methods followed.

The purpose of the report is to show what constitutes a farm management program in States where the work is most fully developed. The illustrations are not representative of the volume of the work in States with smaller staffs, and is not intended to be complete in any sense. It provides a basis for evaluating possible alternatives for expanding educational work in the planning and management of a farm business.

In total the field of farm management has greatly broadened to include all of the economic considerations essential to the successful operation of a farm business. The State staff available for developing the work has remained about the same in most States for a number of years. Obviously, there is much more to be done than it is possible to do.

The activities carried vary greatly between the States, especially in those that have less than one full-time person assigned to farm management work. Some prefer to concentrate on certain lines of work and do a more thorough job on fewer things. Others find it necessary to keep several lines of work going even though they are unable to adequately develop any of them.

## I. FARM ORGANIZATION

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- This phase of the work has to do with increasing farm income over a period of years through the fuller and better use of resources available to the farm family. It includes such things as summarizing farm accounts, analyzing the farm business, teaching the principles of management, and developing over-all farm plans.

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### Farm Accounting and Business Analysis

There are a number of ways in which the Extension Service works with farmers on improving their knowledge of what makes a farm pay and their ability to organize a well-balanced profitable farm business. An important method for many years has been the "farm account project," and all that goes with it.

These projects are designed to encourage farmers to keep good records and to become better "business" operators. In 1952 the State extension services distributed to farmers about 350,000 general farm account books. Many of these books are purchased by farmers from their local county agent. Some are used with "farmer cooperators," who agree to turn their books in at the end of the year for analysis and for making summaries to use in educational work with other farmers.

Approximately 15,000 farm account books were summarized in 1952 and reports on the results prepared for the individual cooperators and for general use in educational work. Farm accounts form the basis for much of the management advice that is given

farmers. The nature of this work is vividly described in this statement from Ohio:

The oldest and most widely used service and phase of our farm management project is the farm account and analytical service. Thirty thousand copies of the Ohio Farm Account Book were distributed throughout our State in 1952. Detailed farm business analysis reports were prepared for 549 individual cooperators who represented 14 different types of farming operations. Data which are made available to the State staff through the cooperation of those participating in this project are extensively used as teaching and demonstrational material in all phases of our farm management work. The year 1952 marked the 34th consecutive year in which our State Banker's Association has actively cooperated with this Department in developing and promoting this Statewide activity.

In most of the States, farm record work has changed considerably over the years. Some of the reasons are discussed in the following statement from North Carolina. It illustrates the flexibility of programs and the ever-present intent of keeping them in line with the desires and needs of farm people.

Record keeping and analysis was the only activity of the Extension Farm Management Department for several years. As farm management work was expanded, the farm record project became relatively, and even absolutely, less important. From 1947 to 1950, record work was limited to an analysis of about 150 records from UTD farms. Practically no effort was devoted to either encouraging farmers to keep records or to helping farmers establish record systems.

In 1951 many requests for assistance in record keeping were received. The number of requests increased in 1952. The increased interest was due to many farmers having income tax difficulties and the shift from subsistence to commercial farming. The past educational program also had considerable effect.

In view of the wide interest in records, it was necessary to increase the time devoted to farm record work. ... Currently, primary emphasis is placed on teaching farmers how to set up record systems which meet their needs rather than on getting farmers to keep records for analysis by the Farm Management Department.

The demand for farm records has become so great that record books could not be supplied free to farmers. Arrangements were made for farmers to purchase record books at cost at the Student Supply Store. This did not altogether solve the problem. Assistance was given to a private firm which plans to place a record book in the hands of every farmer in the State. Local advertising which appears on the cover will pay for the record book. The firm decided to distribute one of the record books prepared by the college, giving credit to the college. . . .

The work in farm records is really paying off. Many additional farmers kept records for the first time in 1952. Other farmers improved their system. Practically all farmers keeping records made better use of the record. Probably 60,000 farm families are keeping some kind of organized records. The number was substantially less a few years ago.

#### Farm Management Associations

Mention should be made of a specialized form of accounting and management assistance to farmers, the greater share of the cost of which is being paid by those receiving the service. For example, there are 40 fieldmen working with associations of farmers in the five States of Illinois, Kansas, Iowa, Minnesota, and Wisconsin. About 8,000 farmers are members of these associations. In addition to providing an accounting and management service to members, the fieldmen perform a general educational function in their areas through meetings, tours, and consultations that are available to all who wish to participate.

For example, in Illinois there are nine Farm Bureau Farm Management Associations serving 85 counties. The following report gives the present status of this work in that State:

The area served by the Farm Bureau Farm Management Service for 1952 remained the same as it was in 1951. . . . The percentage of cooperators signing again for another 4-year period is very high. Fieldmen report that in some counties all of the old cooperators staying on the farm are remaining

in the project. The exact percentage cannot be determined but the fieldmen estimate that the number of deceased, retired, and withdrawn cooperators will amount to less than 5 percent. Historically throughout the 28 years, few cooperators have dropped out of the project because of dissatisfaction.

The State Association (Illinois Farm Bureau Farm Management Service) organized in February 1949, is proving to be an asset in clarifying the lines of responsibility and co-ordinating the efforts of the organizations involved. The Farm Bureau Farm Management Service is a cooperative project involving four organizations: The county farm bureaus, the local Farm Bureau Farm Management Service Association, the State association, and the College of Agriculture of the University of Illinois. The State association and the College of Agriculture are the two organizations at the State level which work together to establish policies and uniform procedures.

The 20 fieldmen employed in the Farm Bureau Farm Management Service in 1952 served 3,912 cooperators. Assistance on farm management and record analysis was given on individual farm visits, records were checked for accuracy, summarized, income tax filed for those who desired, spring meetings were held, and tours for 79 counties and winter meetings were held in all counties.

In addition to this regular service to cooperators, the fieldmen met with many other groups as extension workers in farm management. They met with service clubs, Soil Conservation Service units, adult evening groups, open meetings at the Farm Bureau, G.I. classes, farmer trainee short courses, and others. They wrote articles for papers and appeared on radio programs. In this way the results of the Farm Bureau Farm Management Service reports and experiences were carried to many times the number of people served directly by the fieldmen.

Each farmer in the service received a preliminary report in the form of a bar chart and crop analysis, an annual report, and in many areas a trend chart showing year-by-year performance. These reports were the basis for most of the fieldmen's extension activities and were well received by cooperators and many other interested people. It was probably these reports when interpreted by the fieldmen that caused one farmer in DeKalb County to name the service as the phase of the Extension Service that had been most helpful to him in his farming operations. Although the report is considered by some to be very detailed, it is these details that help to answer a farmer's problems and are available to them from no other source.

Recognizing that land use and crop yields account for over one-third of the difference in net farm earnings, the field-men called attention to this through individual fertility balances showing removal and return of N. P. and K. The place of mixed fertilizers in crop production in Illinois was discussed and recommendations were made. The emphasis was on the over-all farm business but farm production through the use of fertilizers, labor-saving arrangements and devices, as a means of offsetting rising costs received considerable attention.

Another example of how the work with these associations not only helps the cooperating farmers but also forms the basis for an active educational program in farm management is given in the following statement from Iowa:

Cooperative arrangements with the farm business associations were continued in five areas of the State as a method of establishing farm management demonstrations and obtaining information on farm incomes and production. The five associations included 825 cooperators located in 49 counties. These associations employed jointly with the Extension Service an area farm management man who had the responsibility of working with the cooperators and carrying the general extension farm management program in those 49 counties. . . .

. . . In 12 counties in southern Iowa 135 cooperators provided complete farm records of their farm operations. These records are summarized at the county level and analysis and summaries were prepared in the State office. In 10 counties in western Iowa the same procedure was followed and 96 cooperators participated as farm management demonstrations. . . .

. . . In the two areas, southern Iowa and western Iowa, the participation of the county extension personnel in establishing and working with the farm management demonstrations or cooperators is significantly different than it is in the areas which are served by the farm business associations. In the two areas named all farm visits to the cooperators by the district farm management specialist are made in cooperation with the county extension personnel. This has served as an excellent means of acquainting the county personnel with several going farm businesses. This gave them better background for advising the adoption of various practices on the different farms as they find them in their counties and aids in development of programs.

The farm management cooperators in the various areas have provided income, cost and production data on their farms. Case examples from the cooperators were used as studies for outlook problems in illustrating the application of outlook information to the farm businesses.

Case studies illustrating the effects of various land use practices on incomes were used in the several conservation training schools conducted in various counties for leaders in conservation.

In the young farmers clinics, case studies taken from the farm record cooperators were used as class room demonstrations of the problems of managing farms with various types of resources.

Farm management tours to several of the cooperating farms were conducted in many counties throughout the State that demonstrated how successfully operated farms used scarce resources to achieve their goals.

The information obtained from the 1,045 cooperators was used as the basis for standard performances in advising farm operators on the requirements and expectations in the use of various farm practices in their businesses.

Reports showing production, incomes and costs on the high and low profit farms were prepared by the seven areas in the State and made available to all persons interested. A summary of all the farms' records was published in the Iowa Farm Science which is distributed throughout the State.

#### Teaching Farm Management Principles

As already implied in the foregoing sections, there is considerable teaching of farm management principles carried on as an integral part of the farm accounting and business analysis services. It is important, however, to call attention to the regular series of farm management meetings held as a special activity in a number of States. In Michigan, for example, this feature of their program has been undergoing some changes and therefore it is of interest to note what they have to say about this activity:

Our (farm management) meetings are of many different kinds and quite a variety of subjects or items are covered in them. This is to be expected since more of our meetings are "re-

quest" meetings. That is, we are asked to talk on outlook or farm management success factors or dairy farming, etc. Then, too, many of our meetings cannot really be classified by subject matter because they may involve several or a combination of subjects.

In the fall of 1951 we inaugurated a special series of meetings entitled "Barnyard Economics." We received requests from 25 counties for 30 meetings. Attendance averaged 90 per meeting. Reception and interest were very high.

With this experience behind us we again offered Barnyard Economics meetings, in the fall of 1952. Seventy-eight counties requested meetings. Attendance has been averaging about 150. We are using lots of visual aids. Two men put on the program. We feel that this is one of the most interesting activities that we have engaged in and that the reception is the best.

Attendance at all farm management meetings held over the last 8 years shows the value of the present series of well-organized and well-planned meetings:

<u>Year</u>	<u>Number of Meetings</u>	<u>Attendance</u>
1945	85	2,359
1946	192	4,691
1947	309	9,532
1948	190	8,057
1949	226	9,830
1950	145	5,526
1951	174	11,750
1952	134	13,908

#### Farm Business Planning

On the basis of what is learned from farm account projects and other management studies, it is possible to greatly expand contacts with farmers through what is referred to as farm planning. This is generally done through a group approach. The objective is to help farm families think ahead, to explore the possibilities of the resources available to them, to weigh alternatives and make choices, and to plan on a definite course of action to be followed on their own farms. Indiana has this to say about the approach used in that

State. It is typical of what is taking place in a number of other States:

More than 6,800 farmers in regular farm planning classes, and about 5,000 veterans in G.I. training classes, have now participated in individual farm planning work in Indiana.

In 1952 nine extension specialists conducted farm planning classes with 568 farmers in 28 counties. Individual farm plans were developed on 391 farms.

County agents continued to give individual council and assistance to many of the farmers previously enrolled in the work. Farm planning assistance was also given to about 900 farmers who have never been enrolled in farm planning classes.

Most of the county agents who have conducted farm planning work report that this activity helps them to better understand the problems which concern their people and thereby keep their extension programs more closely geared to the immediate needs of their farmers. They also report that through farm planning work they are constantly developing demonstrations useful in their extension program, and developing new leadership in their local communities.

Further evidence of the way in which this farm planning job is being done is found in this statement from North Carolina. As in Indiana, the approach discussed here is typical of that now being used in a number of the States:

County extension workers assembled some 5 to 30 farm families and invited in the farm management specialists to assist in the developing of long-range plans. Usually the group met each week for three or four meetings. Each family was trained to use the budget technique to measure the effect on income and input requirements of one or more alternatives of the present system of farming.

General farm planning meetings were held in some of the counties to discuss the economic opportunities that existed for that area. For example, a meeting would be held to show that the addition of 400 hens or 12 milk cows would add \$1,000 to the present income for the farm business. The method of arriving at these figures would be demonstrated. Farmers were encouraged to use the Farm Planning Worksheets to determine whether the proposed enterprises would fit their particular farm. . . .

White agricultural extension workers in 87 counties helped 8,245 farmers develop farm plans. They helped 1,915 farmers develop farm and home plans. They helped 3,115 farmers analyze the farm business by partial budget techniques. Negro county extension workers helped 1,158 farmers develop a farm plan, 1,176 farmers develop farm and home plans, and 1,155 farm families analyze the business.

#### Test Demonstration Farms

Still another form of farm planning is illustrated by the test-demonstration farm program. The extension services of 21 States worked with approximately 2,400 selected representative farms in developing and demonstrating improvements in their systems of farming. This work was carried on in a contractual arrangement with the Tennessee Valley Authority. Experimental fertilizer materials produced by the T.V.A. were made available to these farmers at reduced cost upon requisitions approved by the extension services and based on farm plans.

These farms serve both testing and demonstrational functions in the agricultural programs of the counties and States in which they are located. They are located in States and localities where preliminary tests by the experiment stations indicate that the new fertilizer materials may be economically useful to farmers. A purpose of these test-demonstration farms is to show the value and effect of the fertilizers in improved systems of management on entire farms as units.

About 1,500 of these 2,400 test-demonstration farms are in the Tennessee Valley, which includes portions of seven States, where the T.V.A. has special interest in agricultural development and its relationship to stream flow. The other 900 farms are located outside the Tennessee Valley area, largely in the Western and the Midwestern States.

A special program was initiated in 1952 with about 3,000 farmers in four States in connection with the use of ammonium nitrate. In this program also, farmers submit proposals to buy the materials based on plans for the entire farming operation worked out in co-operation with the State Extension Service.

#### Balanced Farming Associations

There are a number who feel that there should be a way in which the Extension Service as a whole could combine its resources and apply them in the form of a single program of assistance to farm families in the planning and development of their farms and homes. The State of Missouri has now been doing this for several years in what is called the "Balanced Farming Program." Local associations of farm families are organized, the members of which agree to help finance a balanced farming agent in their county and to cooperate in a program of farm and home development. The present status of this work and high lights for 1952 are as follows:

Despite the severe and widespread drought throughout the great portion of Missouri during most of 1952, balanced farming continued to expand. Reports from 107 counties show that 1,114 additional farm families started balanced farming plans during the year. These, coupled with the reported 23,167 families who previously started plans, bring the total number to 24,281 balanced farming cooperators.

Although these farms comprise a relatively small portion of all farms in the State, the fact that they are located throughout the State and represent all types of farming, large and small, emphasizes their impact on better farming and family living. Accumulative evidence shows that balanced farming cooperators are truly pace-setters for all Missouri farm families who wish to improve soil and other resources, step up production, boost farm income through greater volume and lowered operating costs, all of which adds up to better family living.

## II. OPERATING EFFICIENCY

- This phase of the work has to do with improving the efficiency of farm operations and the lowering of costs of production. It includes such things as the economics of production practices, improving work methods, information on price and market situations, planning farmstead and building arrangement, and improving labor relations and management.

### Enterprise Cost Analysis

Another important form of management assistance, particularly in areas of specialized agriculture, can be illustrated by the enterprise management work in California. It is typical of the approach used in regions where the agriculture is dominated by commercial fruit and vegetable farms and by specialized dairy and poultry farms.

These (enterprise management studies) have been our principal activity and device for developing and extending local farm management information over the last 27 years. Inputs of labor and material, costs, management practices, yields or production, prices, income and net income are obtained from a small group of producers of a specific crop or livestock enterprise. . . .

These studies are of great value to the farm advisor conducting the study, in that he gets a close-up view of the detailed operations of a farm enterprise. The strong and weak points in management practices are indicated. He can pass this information on to others with greater effectiveness - hence his teaching methods are improved.

In 1952 there were 57 local studies conducted in about 17 different types of commodities, and in a number of different counties. County reports were developed and used with the growers of the various sections of the State.

In recent years the number of these studies has been reduced to save specialists' time, and because it has been found almost as satisfactory to make quick surveys and get out local enterprise data sheets. The development of these enter-

prise data sheets moved forward with greater interest and emphasis during the year, particularly in the field of vegetable crops.

A survey of a few typical enterprises is made showing the inputs of labor, material, investment, and costs. From this is set up a table showing a sample breakdown of inputs and costs per acre and per unit of output. Blank columns are provided for the individual farmer to estimate his own costs. This has been a very popular project. The demand for this type of information has been great from both farmers and farm advisors. This kind of information is absolutely essential in farm planning. About 40 of these data sheets were mimeographed during the year. County directors say that they hope to develop such information for each farm enterprise in their county.

#### Economics of New Technology

Rapid advances are being made in production technology and mechanization. Many problems arise when farmers consider the application of this new scientific information to their farm business. Questions are asked as to what will it cost? Will it pay? Will it save labor? Are the results significant? Will it be as good an investment for me as something else?

As a result of the trend of the times, and in trying to help farmers on their most urgent problems, considerable educational work is now devoted to what might be called the "economics of production practices." Some examples of areas of work would be grassland agriculture and special forage programs; cotton mechanization and similar situations in other crops; irrigation in humid areas; various hay-drying and hay-harvesting methods; pen stabling of dairy cows; bulk handling of milk; etc.

Educational work along these lines calls for a team approach which combines and relates the facts needed to help farmers make decisions. What is the new information, what will I need to do to ap-

ply it, and will it pay me to do it on my farm, are all parts of the same problem to a farmer even though we separate science, mechanization, and management in our academic circles. A considerable amount of time by extension economists is devoted to working with other specialists in providing the economic background needed to adequately consider such questions with farmers.

The work being done in North Carolina on mechanization is a good example of the type of problem, and the type of educational program organized to meet it. Similar approaches are followed in other States.

One of the more pressing problems facing North Carolina farmers is whether or not to mechanize their farming operations and the extent to which mechanization should be carried. The Farm Management Department has been working with other Departments, especially Agricultural Engineering, to provide information and means of answering the questions on mechanization.

A set of slides and a script showing when and how much to mechanize were available to county agents. Another set of slides and a script dealing with cotton mechanization were prepared from research carried out by the Agricultural Economics Department. During the year, a program was developed in cooperation with Agricultural Engineering specialists to provide additional information on mechanization in the future.

One of the prominent features of the work in this area was the Machinery Day held at State College during Farm and Home Week. The agricultural engineering and farm management specialists participated in presenting both technical and economic information on mechanization. The method used was to exhibit the type and amount of machinery and equipment needed for three different sizes and types of farms in North Carolina. This equipment was paraded before the group attending and then a panel consisting of machinery dealers, county agents, farmers, farm management and agricultural engineering specialists discussed the need, cost, returns, use, care, and other considerations involved in mechanizing the particular size and type of farm.

### Industry Programs

Another approach used by the Extension Service in areas of specialized agriculture is what might be called an "Industry Program." Through committees of farmers in the counties, representing dairy-men or poultrymen or vegetable growers, etc., and with the cooperation of a committee of State extension specialists representing production technology, management, engineering, marketing, etc., a co-ordinated program of assistance is developed for the major specialized types of farming in the State. The emphasis is placed on an analysis of the situation, a recognition of problems, and the formation of programs which put the emphasis on an application of subject matter to the solution of problems, rather than on teaching subject matter as such. This approach is used pretty generally in the North-eastern States. For example, in 1952 in New York, the extension economists, working as a part of an over-all program, were concerned with the following economic problems of potato growers:

Specialists from the several Departments concerned with the welfare of the potato industry meet about 10 times a year to talk about problems, program, activities, and prospects. The entire committee spent one of these meeting days inspecting farms, storages, equipment, and marketing methods in the western New York commercial potato area of northern Steuben and southern Livingston counties. This trip provided an opportunity for each specialist to see the problems in the various fields - entomology, pathology, engineering, cultural practices, farm management, marketing, etc. Following the tour, the committees spent some time reviewing the situation and discussing the problems and ways in which the Extension Service could be more effective in their educational work with potato growers and shippers.

Although no specific studies were conducted by either the research or the extension group on local problems of production and farm management in 1952, the results of previous studies were made available to county agents and through them to farmers. Some direct work was done in northern New York with a group of farmers who were interested in packing a

superior 15-pound consumer unit of potatoes to be sold at a price sufficiently above the market to cover the cost of sorting, grading, and washing the potatoes. . . .

Similar planning occurred in Steuben County and southwestern New York with the county agent and economic specialists meeting repeatedly with a group of leading growers and shippers. . . .

New subject-matter information was available to agricultural agents, and presented to farmers at meetings, and through the agricultural press on costs of production and on the research work done in separating potatoes by specific gravity for baking and for boiling. . . . It is estimated that the cost of equipment for this operation will be about \$10,000. . . . It is not yet clear that enough of the consuming public will pay a premium for potatoes separated in this manner to justify the extra expense, and it has been particularly difficult to get objective measures of consumer response with a long crop in 1950 followed by a short crop in 1951. . . . More experience will be needed to determine the profitability of this method of marketing potatoes.

Kodachrome slides of graphs and charts were made available to agricultural agents in the potato-producing areas for use at meetings, and in discussions of outlook. . . .

The consumer education program of the Extension Service, made special reference to potatoes in connection with the supply, quality, specific gravity separation, changes in sources of supplies throughout the year, and prices of potatoes compared with other foods at retail.

It is difficult to evaluate the results of educational work with potato growers, but it is very clear to anyone who has worked with potato growers over the years that the commercial potato growers are much more completely aware of the factors that make for success in the production of potatoes, trends, in the industry, and competition between different areas, and the research work that has been done in the States and in the United States Department of Agriculture on the marketing of this crop.

#### Farm Work Simplification

Shortages of farm labor continue to be a major problem of farm operation. More efficient use of the supply that is available is of great importance. Over the long period gains in productivity are primarily a result of higher rates of production, greater use of

equipment, and a larger volume of business. However, experience has demonstrated the possibility of substantially increasing output per worker through better utilization - without increasing volume of business, introducing new practices, shifting enterprises, or adding new machinery.

This area of educational work is commonly called "work simplification." It involves studying and improving work methods in order to get more and better work done in less time and with less effort. The objective is to help farmers make better use of the labor, materials, and equipment already available to them.

Work along this line has been done in Kentucky concerning tobacco, hay, dairy, farm buildings, and farm layout. The following statement describes some of the work under way concerning dairying:

Considerable work was done in establishing labor-saving and cost-reducing developments in dairying. A circular based on studies made at the university has been prepared to describe some of the more efficient types of milking parlors and stanchion barns.

A circular letter which went to all extension workers described the main points of interest in a new technical bulletin concerning work chores and building arrangements which reduce cost in dairying. A mimeograph plan of one type of walk-through milking parlor has been used in furthering demonstrations on cost reduction in dairying.

A series of meetings in cooperation with an agricultural engineer has been continued on farm buildings. This series of meetings has proven to be a popular activity. It is believed that additional counties will make request for these meetings next year. At these meetings the farm management specialist discusses the arrangement within and between the buildings to promote labor efficiency, the merits of new items in buildings from the standpoint of labor use and upkeep, relationships of type of farming to kind of building needed, and such suggestions as the amount of building investments a farm can justify. The agricultural engineer discussed the university's plans service, and construction and materials. This series of meetings has reached into all major type of farming areas of the State.

### Outlook and Market Information

In a relatively free economy, in which farmers plan their own operations from year to year as to what they produce, when to buy and when to sell, and how much to invest in buildings and equipment the importance of accurate forecasting is obvious. The "outlook information program" of the Extension Service is designed to help farmers meet this situation. It involves the preparation and continuous release of economic information bearing on expected changes or trends in the agricultural situation.

Probably the greatest medium for getting "outlook" to the people who need it is through press and radio channels. Releases are prepared regularly for this purpose in most States as well as special articles for farm magazines and trade journals.

In addition, the State extension services prepare over 1,200 separate issues during the year devoted primarily to presenting outlook information. Some of these are written as a special service for county extension workers and farm leaders, and others are for general distribution. Some are issued annually or only a few times during the year. The majority are prepared monthly with certain issues featuring the general outlook for the year ahead. There is an increased demand for weekly digests, and a number of States have developed "weekly outlook letters" to meet this need.

In total these releases represent nearly three and one-half million contacts, considering the number of issues during the year and the number of persons to whom they go. In general they are distributed only on a mailing list or request basis.

The following short condensed statement from Missouri is representative of the programs organized in a number of States. It well illustrates the spread given to economic information through publications, press, radio, meetings and interviews.

Missouri farmers kept themselves better informed in 1952 on the prospective supply, demand and prices of the products they sell and buy than they did in any previous year.

Extension workers and their leaders gave outlook information at 47,126 meetings - 47 percent of all meetings they held - attended by 895,640 people. They published 1,331 news stories on outlook in their local papers. County extension workers gave outlook information regularly on 59 radio programs. The extension economists made radio transcriptions each month that were used by 26 radio stations, and published outlook news stories about that often. Use of the radio in outlook work increased 60 percent in 1952.

The outlook material prepared by the economists in 1952 included an annual outlook statement and a midyear outlook statement, 12 issues of the Monthly Farm Outlook that went to the 7,500 leaders requesting it, 12 timely news stories and 12 radio transcriptions.

The average of Missouri's 230,045 farmers heard outlook discussed at meetings each 3 months, had an opportunity of hearing it discussed on the radio at least twice a month, and read an outlook news story in his local paper each 2 weeks.

A similar statement from Ohio not only explains the kind of work done but also points up some of the problems involved in maintaining this kind of educational service:

The most complete source of agricultural economic information in Ohio was supplied by us in 1952. We maintain a large number of files, publications, and resource data. We furnish economic service to many farmers, rural leaders, county and State extension staff, college of agriculture teaching staff, and experiment station staff. Considerable time was spent in consultation with many groups, agencies and organizations in the State.

We prepared 12 issues of our monthly publication entitled Timely Economic Information for Ohio Farmers and 51 issues of our weekly news letter entitled Econogram. About 17,000

copies of each issue of the monthly publication and 4,700 copies of each issue of the weekly publication were distributed. These publications contain economic information mostly, but some public affairs items too. Also, we prepared and distributed 3,500 copies of a Leader's Handbook of Agricultural Economic Information for Ohio for 1953. A number of other special mimeograph publications were prepared and distributed. Many news stories were supplied to our extension publications office, where they were prepared and sent to news agencies.

We held a number of meetings in 1952 on economic information and especially on outlook for agriculture. Some of these were for leaders and others were for general groups of rural people. Radio or TV presentations were made at least two or three times each month. Many letters and telephone calls about economic information were answered.

It is difficult to explain what is involved in this type of work. We have to do the research work of finding much of the data requested and then analyzing it and preparing it in a usable form. Even though we have the most complete source of such information, we feel that it is still inadequate to meet the increasing demands for such material and we lack the staff to answer all inquiries.

### III. BUSINESS TRANSACTIONS

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- This phase of the work has to do with helping farm people more adequately handle the business transactions related to the management of a farm. It includes such things as farm leasing arrangements, family operating agreements, income tax reporting, use of credit, investments and insurance for farmers, transfer of property, and other similar items. Many of the educational contacts are made with those serving farmers, such as bankers, credit agencies, local business firms, lawyers, and Government officials.

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Farming is a business, and as a result farmers have many of the same transactions as other businessmen. We have reference to such items as farm leases, purchase contracts, family operating agreements, credit statements, income tax reports, investments, insurance, transfer of property, etc. While each of these is common to many businesses, each must be given special treatment as it applies to farming.

For example, the type of lease and the arrangements in it can have an important bearing on how the farm is operated and the progress that can be made by both the tenant and the landlord. Father-son operating agreements are much more than just a legal document. All arrangements must be carefully considered to fit the potentialities of the farm and the family involved. The problem of securing credit is more than giving assurance of net worth and equity in the business. How to pay for the loan out of operating profits should be given equal consideration. Investments, insurance, and provisions for a transfer of property to the succeed-

ing generation all have to be looked at differently because the person interested is a farmer, and the characteristics of farming must be considered.

Consequently, many of the educational contacts on the business transactions of farmers are made with those responsible for servicing farmers, such as bankers, credit agencies, local business firms, lawyers, and Government officials. Acquainting such groups with the needs and characteristics of agriculture is just as important as informing farmers of the services available and how to use them. Much of the educational work is of an advisory nature in helping farm people make decisions and plan on courses of action.

#### Farm Lease Arrangements

The importance of knowing what is happening in agriculture, in order that leases can be developed and applied which will aid in the farm adjustments needed, is shown by the experience in North Carolina:

Over 38 percent of the farms in the State are operated by tenants. The leases were developed for an economy producing cash crops, requiring little capital, using mule power, and cheap labor. While the leases were satisfactory for those conditions they are not suited - indeed they do not permit - mechanization, livestock production, the addition of large quantities of capital, and even the use of much modern technology.

Tenant farms can be operated as efficiently as owner-operated farms if there is a good lease and if the landlord and tenant cooperate and learn modern farming methods and techniques. The lease project is designed to teach farm people the changes which should be made in farm leasing practices in order for tenant farms to be operated efficiently. The landlord-tenant relationships project is designed to improve relations between landlords and tenants and to raise the sights and skills of landlords and tenants.

No farm management project has yielded as good results as the leasing project. It is estimated that at least 30,000 farmers have modified leases in the last 3 years.

### Family Operating Agreements

Practically all States have programs designed to help young people get started in farming and to help the older people gradually retire from active management. Father-son and various other family operating agreements offer one very effective and productive solution to this problem. South Carolina has this to say about their work:

... The necessity for greater amounts of capital to purchase and operate a farm under present conditions makes it more and more difficult for young farmers to get established in farming. On the other hand, there are many instances where the parents desire to "slow down" and eventually retire from farming. In many such cases the parents and sons are interested in developing a business agreement for the operation of their farms.

In the development of father-son agreements provision is made for operating the farm and the sharing of expenses and income in accordance with the desires of the parties involved. Such agreements are generally more flexible than regular agreements between landlords and tenants. However, agreements of this kind are more delicate and sometimes very difficult to work out because, in many cases, all members of the family are involved. Furthermore, such agreements not only consider the actual operating and management of farms but in a large number of cases involve the transfer of the farm in the event of the death of the parents.

County agents reported 49 demonstrations in successful father-son agreements in 24 counties throughout South Carolina. In addition, 60 families were assisted (from the State office) in developing father-son agreements.

### Income Tax Reporting

It is assumed that individual (or group) service to farmers in the preparation of income tax returns is not a responsibility of the Extension Service. The best alternatives seem to lie in giving farmers the educational help they need to do the job themselves, or in training local people to give the needed service or both.

In support of such a program the Federal extension office has

been cooperating with three regional committees of extension economists in the preparation of regional bulletins bearing the title "Farmer's 1952 Income Tax." Approval is given by the Internal Revenue Service which strengthens the accuracy and authoritativeness of the statements, assures their acceptance, and promotes uniform interpretation of the rules in all areas of the country. This bulletin serves as the basis of a general educational program.

In a number of States meetings or training schools on income tax reporting were held. Usually Internal Revenue officials either worked with extension economists in doing the teaching or assisted in preparing the subject matter. The plans and objectives varied considerably from State to State. Four examples will illustrate the variations:

A series of 78 1-day county meetings called Barnyard Economics, 1953 Model were held in Michigan in the winter of 1952-53. These meetings were primarily for farmers. They were planned and held in cooperation with bankers. Income tax reporting and dairying for profit were the principal topics. A new Farm Income Tax Record Book, prepared by the Michigan Extension Service for reporting on either the cash or the accrual basis, was reviewed in the meetings, and its distribution by county agents and bankers was announced.

Sixteen meetings held in Utah in December 1952 for farmers were attended by approximately 1,000 persons. The object was to encourage the keeping of needed records, explain income tax laws and assist with the solutions of farmers' tax problems. The Bureau of Internal Revenue cooperated. A review of some of the most widely applicable information presented in the meetings was published in the Jan. 3, 1953, issue of Let's Look Ahead, a weekly economic periodical of the Utah Extension Service.

Five 1-day schools, specifically for lawyers, accountants, and others who assist farmers in the preparation of their income tax returns, were held in Massachusetts. County agents extended invitations to such persons, with an advance registration blank on which the person planning to attend could indicate one or two of the difficult income tax and social security questions. A member of the instruction staff of the

Office of Director of Internal Revenue and a representative of the Social Security Agency participated in the teaching, along with an extension economist. A total of 125 tax consultants attended the five schools.

Six 2-day institutes in November and December 1952 were attended by 727 persons in Kansas. These were primarily for lawyers, accountants, and others who help farmers with their State and Federal income tax returns. A booklet of answers to questions asked in similar institutes a year earlier was used as a reference and to avoid or reduce the need for repetition. Representatives of the Bureau of Internal Revenue and of the State Tax Commission and extension economists did the teaching. It is estimated that persons attending assist in the preparation of approximately 100,000 State and Federal tax returns.

#### Farm Credit and Finance

Farm credit conferences, schools in agriculture for bankers, and various other group meetings concerning credit problems are common to many States. A discussion of the program in Vermont gives some of the reasoning for this approach, and outlines the activities conducted in 1952:

A large amount of the effective work in the farm credit field must be accomplished by those who come in daily contact with farmers. Therefore, it is apparent that most of the efforts of the extension economists in the farm credit field were directed toward supplying pertinent credit information to those who are concerned with granting the credit.

One of the important events sponsored to bring together credit men so that they can discuss problems and find ways to promote a better understanding of how credit may be secured is the Annual Farm Credit Conference held at the University of Vermont each year. This conference is primarily for employees of lending agencies, but each year we find other groups interested in credit making a practice of attending because of the excellent reputation this conference has developed through its 7 years of successful existence.

The type of cooperation we have enjoyed during the past years is definitely indicated by this conference. The last program was prepared by a joint committee consisting of representatives of the Vermont Bankers Association, the

county agents, the Federal Reserve Bank of Boston, and the Cooperative Farm Credit agencies in the State.

The representatives of the different agencies give freely of their time to plan a worth-while program and to obtain speakers, all of whom participate without cost to the Extension Service. Their presence encourages the attendance of their various groups to the conference. The cooperation of L. A. Zehner of the Federal Reserve Bank of Boston in planning and advertising the conference, both before and after, is particularly outstanding.

Throughout the year farm credit information has been sent out to the county agents to use in their efforts to disseminate important information. The extension economists have given talks on the costs of getting started in farming today and how this money can be secured. Also, we have discussed problems of credit with farmers who have called at the main office. Whenever help was requested, either through correspondence or an office visit, it was promptly given.



